GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA

STARRED QUESTION NO:278
ANSWERED ON:09.08.2001
SUBSIDY ON PASSENGER FARE
ANANT GANGARAM GEETE;SUBODH MOHITE

Will the Minister of RAILWAYS be pleased to state:

(a) whether the Rakesh Mohan Committee has observed that second class fares are massively subsidisedwithout any rationale for years together at the cost of new investment and upgradation;

(b) whether the Committee has also observed that the subsidy component is appropriated by the urban non- poor; and

(c) whether there is a proposal to phase out subsidies in a certain time-frame?

Answer

MINISTER OF RAILWAYS (SHRI NITISH KUMAR)

(a) to (c): A Statement is laid on the Table of the Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 278 BY SHRI ANANT GANGARAM GEETE AND SHRI SUBODH MOHITE TO BE ANSWERED ON 09.8.2001 REGARDING SUBSIDY ON PASSENGER FARE

(a) & (b): The report of Railway Expert Group headed by Dr. Rakesh Mohan has been submitted on 7/8/2001 and the same is under examination. The recommendation contained in the Executive Summary submitted by the Railway Expert Group with regard to Subsidy on Passenger fare is reproduced below:

Indian Railways is heading rapidly towards financial crisis and requires a higher level of income − fast. The single most important step that must be taken in the short term is to rebalance tariffs both between passengers and freight and between upper and lower passenger classes"

The Summary also states that the season tickets are typically used by office workers with a steady employment and, further more, in 70% of cases, season tickets are either paid for or cost thereof reimbursed by the employer.

(c): Railways incur losses in providing certain passenger services on social consideration. No subsidy is received by the Ministry of Railways for these losses. Rationalisation of passenger fares to reduce the losses is, however, a continuous process.